



# consumer news

Office of Consumer Affairs  
Executive Office of the President Virginia H. Knauer, Director

Vol. 2, No. 23, March 1, 1973

SE

Sociology & Economics  
Detroit Public Library

*Room*

## Negative option sales plans to be regulated

Federal Trade Commission has issued a trade regulation rule governing "pre-notification negative-option" sales plans. These are situations in which sellers of periodic merchandise—typically book & record clubs—notify customers—known as "member subscribers"—of a selection to be sent. Unless the subscriber informs the seller or club that the selected merchandise is not to be sent, he will receive it & be billed for it. "Pre-notification" refers to the subscriber's responsibility to notify the club not to send the merchandise. "Negative option" refers to the subscriber's option to reject such merchandise.

Major provisions of FTC's regulation require that

- All promotional & advertising material clearly disclose the terms of the subscription plan;
- The subscriber be given a minimum of 10 days in which to notify the seller or club not to mail the selection;
- The seller or club give full credit & also guarantee postage for merchandise returned by a subscriber who was not obligated to receive it.

The rule in its present form is a revision of an earlier proposed rule [CONSUMER NEWS: June 1971] that would have prohibited sellers from using negative option techniques. After hearings on the proposed rule, FTC concluded that it may be possible to correct abuses in negative-option sales plans by regulating the plans rather than prohibiting them. The revised rule [CONSUMER REGISTER: March 1, 1972], which the FTC adopted last month, reflects the conclusion.

In announcing this regulation, FTC did not set an effective date. It is awaiting a decision by the U.S. Court of Appeals for the District of Columbia on FTC's legal authority to issue such regulations. The court is considering FTC's appeal of a lower court's opinion that FTC does not have the legal authority to establish & enforce trade regulation rules. This case arose from a challenge by oil refiners, gasoline marketers & oil industry trade associations to FTC's authority to issue any trade regulation rule & in particular its authority to issue a rule requiring that octane ratings be posted on gasoline pumps [CONSUMER NEWS: March 1 & April 15, 1972].

Despite the fact that the pre-notification negative option rule does not have an effective date, the rule expresses FTC's concern for consumer protection & may be regarded as a guide for companies offering negative-option sales plans. In fact, some companies have indicated that they will voluntarily follow some provisions of the rule in dealing with consumers.

While awaiting the court's decision & possible effective date for the negative-option regulation, consumers may want to consider the following questions when planning to subscribe to a club offering books, records, fruits, flowers & other merchandise on a regular basis:

- Will merchandise & a bill be sent to you automatically each month unless you specifically notify the company or club not to?
- Will you be under obligation to purchase a minimum quantity of merchandise? If so, how many in a year's time?
- What is your right to cancel the contract or membership?
- Will billing charges include an amount for postage & handling? How much will each handling charge be?
- How many days will you be given to notify a club not to send merchandise it has selected. Will that be sufficient time if you are out of town for a week?

## More help for consumers is on the way

Federal Trade Commission has its staff working on several programs to aid consumers in the marketplace. Some of them are regulatory proposals, such as the regulation FTC issued last month about negative option sales (see page 1). Some are proposed guides for industry that will benefit consumers, & one is a proposed enforcement policy, which is not as broad as an industry guide.

The following is a status report on these programs:

**NEW REGULATIONS**—FTC has issued these in addition to negative-option sales regulation but has not set an effective date for any of them because of a suit challenging its authority to issue trade regulation rules (see page 1):

- Service stations are to post minimum octane rating of gasoline on pumps. Octane rating is a means of determining how well a gasoline will resist "knocking" in the car engine. [CONSUMER NEWS: Jan. 1, 1972].

- Consumers have a 3-day cooling-off period in which they can cancel, without penalty or fee, a purchase made from a door-to-door salesman if the product or service costs \$25 or more [CONSUMER NEWS: Nov. 1, 1972].

**PROPOSED REGULATIONS**—FTC has conducted hearings on these proposals, but it has not issued final regulations:

- Mail-order merchandise would have to be delivered within 21 days or you get your money back in most instances. [CONSUMER REGISTER: March 1, 1972].

- Manufacturers or distributors of amplifiers used in radios, record players, tape players or radio-phonograph & tape combinations would have to make certain disclosures when they make any advertising claims about the power output of their amplifiers.

- Consumers would have certain rights & protection in installment credit transactions. Known as the "holder-in-due-course" proposal, it would also protect consumers in credit card transactions & related credit situations [CONSUMER NEWS: Jan. 15, 1973].

**PROPOSED INDUSTRY GUIDES**—FTC from time to time issues guides for companies within an industry. Guides explain FTC's views on possibly deceptive business practices & cite illegal actions that have been associated with some companies in the industry. Although guides are written to assist companies in avoiding unfair or deceptive business acts or practices, the guides can result in benefits to consumers. Industry guides under consideration are the following:

- Labeling & advertising should not misrepresent furniture in any way. If wood is used, the kind of wood should be identified. Upholstery should be identified by fabric (as canvas, velvet, plastic or whatever) & by characteristics (stain proof, color-fastness or whatever). If furniture is described as having been tested, the kind of tests should be described as well as identifying who made tests.

- Certain deceptive practices of law book publishers would be discouraged. Such practices are not only unfair to lawyers, but lawyers' expenses in buying law books are usually passed along in fees charged to clients.

- FTC staff also is beginning to study the possibility of guidelines for making nutrition claims. Such guides would be FTC's supplement to Food & Drug Administration's regulations on food labeling [CONSUMER NEWS: Feb. 1, 1973].

**PROPOSED ENFORCEMENT POLICY STATEMENT**—Occasionally FTC issues statements of its enforcement policy on certain deceptive practices. FTC staff is now formulating enforcement policy regarding deceptive or unfair refund practices of some vocational & home-study schools.

Work also is being done on a program to provide consumers with truthful & fair product information. The study could result as a regulation that is legally binding on companies, or FTC could develop the study as a guide for providing significant information—such as operating cost of an appliance or durability of a product—to consumers.

## 4-day workweek

Changes in working time are being considered by companies in the U.S. & foreign countries, according to *Monthly Labor Review*, published by Labor Dept.'s Bureau of Labor Statistics. New work schedules for the week & year seem to be taking different directions:

- In the U.S. & Canada, the move by companies has been toward a greater concentration of the amount of time off in a week. The compressed workweek—usually a 4-day, 40-hour schedule—has been the forerunner of changes in work patterns.

- In Europe, the move by companies has been toward flexible workweeks—called “flexi-time”—that allow workers to set their own arrival & departure times day by day within certain limits. Total number of workdays & total hours a week have not been changing.

The article in the February issue of *Monthly Labor Review* notes that “most of the impetus for the 4-day workweek in the U.S. has come from management concerns: to raise profits by increasing production &-or decreasing costs or to improve recruitment of skilled workers in short supply. Increased output is sought primarily by using shifts of 4-day workers to extend the hours that equipment is in operation or that customer service is available. Decreased costs are sought through improving productivity per man-hour by reducing startup & shutdown time, adjusting the supply of man-hours to workload patterns, reducing absenteeism . . . & improving worker morale.”

*Monthly Labor Review* is available from Superintendent of Documents, Government Printing Office, Washington, DC 20402, for 75¢ a copy or for \$9 for a year's subscription. Checks or money orders should be payable to Superintendent of Documents.

## FTC's consumer publications

Federal Trade Commission provides several free publications about consumer protection. One is *Consumer Alert*, a monthly newsletter summarizing FTC actions of special interest to consumers. *Look For That Label* describes FTC's care-labeling regulation, which requires clothing to be permanently labeled with proper washing or dry cleaning instructions. *Don't be Gypped* gives general precautions about deceptive practices. Other publications warning about the possibility of deceptive practices are *Mail Order Insurance*, *Unordered Merchandise*, *Freezer Meat Bargains*, *Protection for the Elderly* & *Sold Out! Supermarket Specials*.

FTC also publishes guides—primarily for business interests—that cover various deceptive or illegal practices. With careful reading, consumers can use these guides to spot deceptive or illegal practices:

- Guides Against Bait Advertising,
- Guides Against Debt Collection Deceptions,
- Guides Against Deceptive Advertising of Guarantees,
- Guides Against Deceptive Pricing,
- Guides Concerning Use of the Word “Free” & Similar Representations.

Two other publications explain FTC programs & policies:

- FTC Protects Consumers With Lab Tests*,
- Your Federal Trade Commission—What It Is & What It Does*.

To get a free copy of any FTC publication, send your request to Consumer Education Division, Bureau of Consumer Protection, Federal Trade Commission, Washington, DC 20580. If you want *Consumer Alert*, ask for a form for a free subscription.

## New Federal publications

The following publications are available from Consumer Product Information, Pueblo, CO 81009. *Banned Products List* (list of toys banned in December 1972 by Bureau of Product Safety), published by Bureau of Product Safety; #030A; free. *Consumer Product Information* (list of 200 consumer information publications), published by Consumer Product Information Coordinating Center; free.

## Botulism spurs frozen food recall

Several frozen food products using mushrooms that might contain botulism have been recalled from grocery store shelves across the country after the processor of the mushrooms, United Canning Co. of East Palentine, OH, alerted wholesale food companies to the problem Feb. 17.

According to **Food & Drug Administration**, which has been monitoring the recall, botulism was found in a 5-lot group of canned mushrooms packed by United Canning Co. & was suspected in another 15-lot group. The 20 lots being recalled involve approximately 40,000 large industrial-sized cans.

The mushrooms were sold to 2 food companies & to pizza houses & restaurants in 5 states—Ohio, Illinois, Michigan, New York & Pennsylvania. Of the 633 cans shipped to the 5 states, FDA said that 616 had been recalled as of Feb. 22.

FDA will continue to monitor the recall of the affected products until it is satisfied that all of the products have been removed from the market.

## Justice agencies

**Government Printing Office** has published reports on justice agencies in each state & District of Columbia. Reports list names & addresses of enforcement agencies, criminal & civil courts, prosecutors' offices, defenders' offices, adult correction agencies, juvenile correction agencies, probation offices & courts of agencies. Reports may be ordered from **Superintendent of Documents**, Government Printing Office, Washington, DC 20402. Make checks or money orders payable to Superintendent of Documents, & include title & publication number.

Alabama (#2700-0105) 50¢  
Alaska (#2700-0117) 30¢  
Arizona (#2700-0113) 35¢  
Arkansas (#2700-0112) 45¢  
California (#2700-0084) 60¢  
Colorado (#2700-0114) 35¢  
Connecticut (#2700-0098) 35¢  
Delaware (#2700-0126) 30¢  
District of Columbia (#2700-0125) 25¢  
Florida (#2700-0093) 60¢  
Georgia (#2700-0095) 65¢  
Hawaii (#2700-0118) 30¢  
Idaho (#2700-0127) 35¢  
Illinois (#2700-0088) 65¢  
Indiana (#2700-0094) 55¢  
Iowa (#2700-0107) 50¢

Kansas (#2700-0108) 55¢  
Kentucky (#2700-0128) 50¢  
Louisiana (#2700-0119) 40¢  
Maine (#2700-0119) 35¢  
Maryland (#2700-0102) 35¢  
Massachusetts (#2700-0092) 50¢  
Michigan (#2700-0091) 50¢  
Minnesota (#2700-0103) 50¢  
Mississippi (#2700-0109) 40¢  
Missouri (#2700-0100) 60¢  
Montana (#2700-0129) 35¢  
Nebraska (#2700-0130) 50¢  
Nevada (#2700-0121) 30¢  
New Hampshire (#2700-0131) 30¢  
New Jersey (#2700-0089) 60¢  
New Mexico (#2700-0120) 35¢  
New York (#2700-0085) 65¢  
North Carolina (#2700-0099) 50¢

North Dakota (#2700-0122) 35¢  
Ohio (#2700-0090) 70¢  
Oklahoma (#2700-0110) 45¢  
Oregon (#2700-0115) 40¢  
Pennsylvania (#2700-0086) 70¢  
Rhode Island (#2700-0124) 30¢  
South Carolina (#2700-0111) 40¢  
South Dakota (#2700-0132) 35¢  
Tennessee (#2700-0101) 50¢  
Texas (#2700-0087) \$1  
Utah (#2700-0123) 35¢  
Vermont (#2700-0133) 30¢  
Virginia (#2700-0097) 50¢  
Washington (#2700-0106) 50¢  
West Virginia (#2700-0116) 40¢  
Wisconsin (#2700-0096) 50¢  
Wyoming (#2700-0134) 30¢

CONSUMER NEWS is published the 1st & 15th of each month by the Office of Consumer Affairs, Health, Education & Welfare Dept., to report Federal Government programs for consumers. Use of funds for printing this publication approved by the Director of the Office of Management & Budget, May 15, 1972. Authorization to reproduce any or all items is granted. Editorial address is CONSUMER NEWS, Office of Consumer Affairs, New Executive Office Building, Washington, DC 20506; telephone: (202) 395-4692. For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402; subscription \$2 a year, payable to Supt. of Documents. Send changes of address to Superintendent of Documents.

☆ U.S. GOVERNMENT PRINTING OFFICE: 1973—516-054/18

### EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF CONSUMER AFFAIRS  
WASHINGTON, DC 20506

OFFICIAL BUSINESS  
PENALTY FOR PRIVATE USE, \$300

POSTAGE AND FEES PAID  
OFFICE OF CONSUMER AFFAIRS



CNEW DETRO2010 5720 1  
DETROIT PUBLIC LIBRARY  
3201 WOODWARD AVE  
DETROIT MI 48202

**Consumer News: March 1**

Send address changes to Supt. of Documents, Government Printing Office, Washington, DC 20402.

